

South Carolina Rural Infrastructure Authority 2017 Annual Report



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Board of Directors

After the first round of grants were awarded in 2013, the South Carolina Rural Infrastructure Authority (RIA) continues its effort to ensure all South Carolina communities – from distressed to developed – are positioned for success.

The RIA has led that effort through its statewide financing programs which have awarded grant assistance to advance 200 water and sewer infrastructure projects across South Carolina. Totalling more than \$74 million and benefiting more than 160,000 residential and business customers, these grant projects have significant environmental and economic benefits.

Since 2015, 27 loans financed through the State Revolving Loan Funds program were closed, reflecting close to \$206 million in additional infrastructure investment.

Working with local officials, RIA identifies the community projects most in need and works to address infrastructure issues that have the potential to hinder economic development and growth.

The work done at RIA is truly important to the state's economy as a whole. Such investments in infrastructure build the capacity that residents and businesses rely on and improve the quality of life for all who live, work and play in our state.



A handwritten signature in blue ink, appearing to read 'R. Hitt'.

Robert M. Hitt III
Secretary, SC Department of Commerce
Chairman, SC Rural Infrastructure Authority

Rural Infrastructure Authority Board Members:

- | | |
|-------------------------|-------------------------------------|
| ♦ Robert M. Hitt III | Chairman, SC Department of Commerce |
| ♦ Michael A. Pitts | Vice-Chairman, State Representative |
| ♦ David E. Anderson | Anderson Brothers Bank |
| ♦ William Clyburn | State Representative |
| ♦ Michael Gambrell | State Senator |
| ♦ William Kellahan, Jr. | Kellahan & Associates |
| ♦ Jasper W. Shuler | Palmetto Agribusiness Council |

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The “SC Rural Infrastructure Authority Annual Report for Fiscal Year 2017” is submitted by the SC Rural Infrastructure Authority in compliance with the SC Rural Infrastructure Act (SC Code of Laws §11-50-160). Additionally, Act 119 of 2005 mandates that agencies provide all reports to the General Assembly in an electronic format.

Investment in Infrastructure

MISSION:

To help communities with financing for qualified water, wastewater and storm water drainage infrastructure projects

The Rural Infrastructure Authority (RIA) partners with communities statewide to make investments in infrastructure (water, sewer and storm water facilities) designed to address the following objectives: protect public health; address environmental quality standards; prepare for economic opportunities; and promote community sustainability. RIA offers grants, low-cost loans and technical assistance to help close financial gaps for areas in need of reliable infrastructure.

RIA began offering grants in 2013 for infrastructure in rural and distressed counties. In 2015, the Office of Local Government and the State Revolving Loan Funds program was moved from the SC Budget and Control Board to the RIA. This program makes low-cost loan financing available for infrastructure projects statewide. In 2016, the Statewide Water and Sewer Fund expanded the reach of the grant program to serve even more communities. RIA's financing programs are now available in every county, statewide.

While these programs provide financial assistance options for qualified infrastructure projects, there is a continuing need for training, technical assistance and capacity building. Rural, small and disadvantaged communities, in particular, often struggle to maintain affordability in the face of growing needs for infrastructure improvement. RIA works with stakeholders to identify, coordinate and leverage additional resources for immediate infrastructure needs while promoting greater sustainability in the future.

Fiscal Year 2017 Highlights

\$23.8M
Grants
Awarded



\$158.2M
in SRF loans
closed

Grant
Projects

61

11
Clean Water Loans

5
Drinking Water Loans

321
workshop
participants

.....

205
technical
assists

70 percent
grant projects
in distressed and
least developed
areas

Proposed Jobs:
1,200
Planned Capital
Investment:
\$987M

50,826
residential
customers
impacted

6,502
businesses
served



Grant Program Summary

The RIA is authorized to provide grants statewide to local governments, special purpose and public service districts, as well as public works commissions. Not-for-profit water and sewer companies may be assisted if the local government served by the project is the applicant.

Eligible activities include upgrades, improvements or extensions of water, sewer and drainage systems. Funds are used for construction only.

In Fiscal Year 2017, RIA's Office of Grant Programs offered two competitive grant cycles (spring and fall) to provide multiple opportunities to access funds. Qualified projects were selected based on a comparative analysis of need, feasibility and impact.

The RIA Board approved 61 grants totaling \$23.8 million in two program categories:

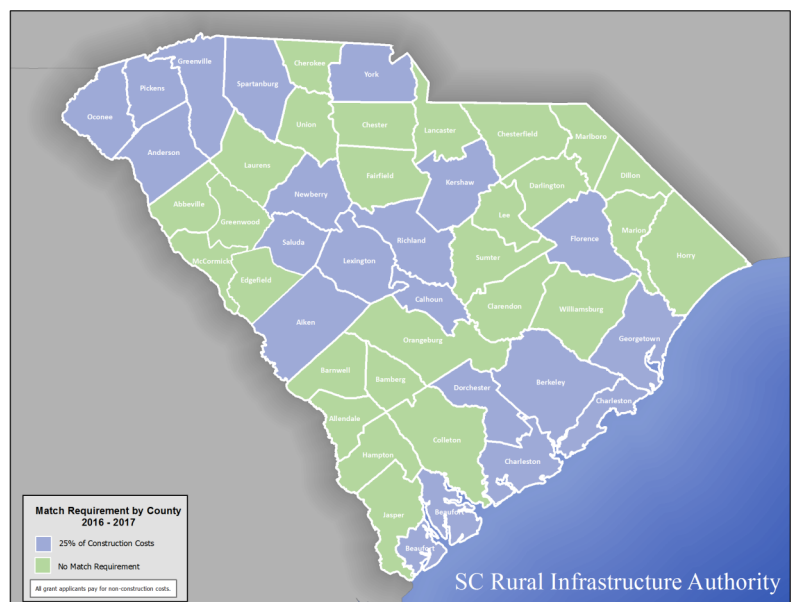
- **Basic Infrastructure** protects public health, brings systems into compliance with environmental requirements and improves existing infrastructure that has exceeded its useful life.
- **Economic Infrastructure** helps expand system capacity to support economic development opportunities for new or existing businesses that will lead to the creation of jobs and investment.

Applicants are required to cost share in project activities and are responsible for non-construction costs such as planning, engineering and acquisition. For projects in counties identified as Tier I or II by the SC Department of Revenue (shaded in blue at right), an additional 25% construction match is required. However, additional leveraging is encouraged to increase the impact of each project.

RIA staff regularly monitor the progress of all approved projects ensuring that performance requirements of the grant have been met. Technical guidance is provided to grantees throughout implementation of the project.

RIA leverages grant funding to maximize the impact of infrastructure projects.

**Return on Investment:
\$3.04 to \$1**

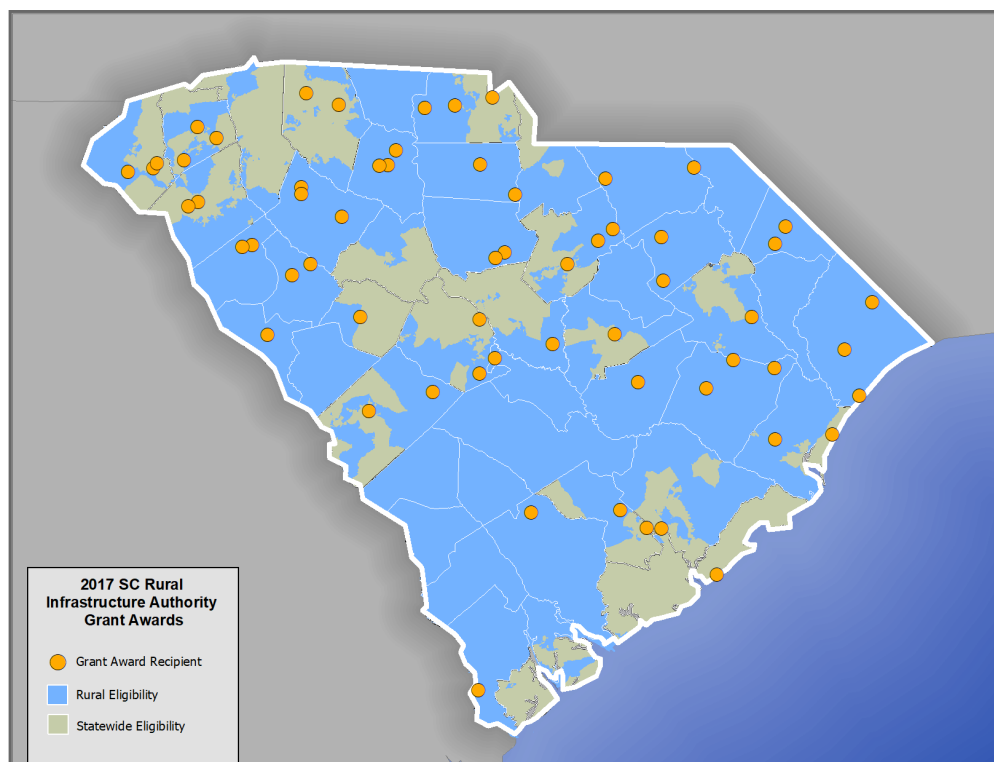


Grant Recipients

GRANTEE	COUNTY	PROJECT	AWARD
Aiken, City of	Aiken	Economic Water Infrastructure	\$500,000
Anderson County	Anderson	Economic Sewer Infrastructure	\$500,000
Anderson County	Anderson	Economic Sewer Capacity	\$500,000
Bethune, Town of	Kershaw	Water System Improvements	\$350,000
Calhoun County	Calhoun	Economic Water Infrastructure	\$500,000
Camden, City of	Kershaw	Sewer System Improvements	\$500,000
Central, Town of	Pickens	Economic Sewer Infrastructure	\$500,000
Cheraw, Town of	Chesterfield	Sewer System Improvements	\$500,000
Chester County Wastewater Recovery	Chester	Economic Sewer Infrastructure	\$500,000
Clinton, City of	Laurens	Economic Sewer Infrastructure	\$300,000
Conway, City of	Horry	Drainage System Upgrade	\$500,000
Dillon, City of	Dillon	Sewer System Improvements	\$498,125
Donalds-Due West WSA	Abbeville	Water Line Upgrades	\$307,500
Dorchester County	Dorchester	Economic Sewer Infrastructure	\$500,000
Dorchester County Water Authority	Dorchester	Water Line Upgrades	\$255,640
Due West, Town of	Abbeville	Sewer System Improvements	\$142,000
Easley Combined Utilities	Pickens	Sewer System Improvements	\$281,373
Eastover, Town of	Richland	Pump Station Upgrade	\$96,525
Fairfield County	Fairfield	Economic Water Infrastructure	\$500,000
Georgetown County	Georgetown	Economic Water Infrastructure	\$175,000
Georgetown County Water and Sewer District	Georgetown	Sewer System Improvements	\$500,000
Gray Court, Town of	Laurens	Water Line Upgrades	\$250,000
Great Falls, Town of	Chester	Sewer System Improvements	\$500,000
Greenwood Metropolitan District	Greenwood	Economic Sewer Infrastructure	\$500,000
Greenwood, City of	Greenwood	Drainage System Upgrade	\$147,598
Hardeeville, City of	Jasper	Economic Water and Sewer Infrastructure	\$365,000
Hartsville, City of	Darlington	Pump Station Upgrade	\$321,575
Hemingway, Town of	Williamsburg	Water System Improvements	\$500,000
Hickory Grove, Town of	York	Water System Improvements	\$138,262
Inman, City of	Spartanburg	Economic Sewer Infrastructure	\$500,000
Isle of Palms, City of	Charleston	Drainage System Upgrade	\$500,000
Jefferson, Town of	Chesterfield	Sewer System Improvements	\$497,500
Kershaw County & Lee County Regional Water Authority	Kershaw	Water Tank Construction	\$500,000
Kingstree, Town of	Williamsburg	Sewer System Improvements	\$306,834
Lamar, Town of	Darlington	Water Tank Improvements	\$500,000
Latta, Town of	Dillon	Water Line Upgrades	\$131,660
Laurens County Water and Sewer Commission	Laurens	Economic Sewer Infrastructure	\$324,500
Liberty - Chesnee - Fingerville Water District	Spartanburg	Water Line Upgrades	\$263,057
Loris, City of	Horry	Pump Station Upgrade	\$389,000
Manning, City of	Clarendon	Economic Water Infrastructure	\$500,000
McCormick Commission of Public Works	McCormick	Water System Improvements	\$390,000
North Charleston Sewer District	Charleston	Sewer System Improvements	\$500,000
Oconee County	Oconee	Economic Water and Sewer Infrastructure	\$500,000

Grant Recipients

GRANTEE	COUNTY	PROJECT	AWARD
Pamplico, Town of	Florence	Water System Improvements	\$325,500
Pickens, City of	Pickens	Water Line Upgrade	\$250,000
Ridgeway, Town of	Fairfield	Water Tank Construction	\$500,000
Saluda Commission of Public Works	Saluda	Pump Station Upgrade	\$500,000
Seneca, City of	Oconee	Sewer System Improvements	\$500,000
Smoaks, Town of	Colleton	Water Line Upgrade	\$500,000
Sumter, City of	Sumter	Well System Upgrade	\$222,480
Surfside Beach, Town of	Horry	Drainage System Upgrade	\$500,000
Swansea, Town of	Lexington	Water Line Upgrades	\$498,500
Tega Cay, City of	York	Water Tank Construction	\$500,000
Union County	Union	Water System Improvements	\$399,685
Union, City of	Union	Sewer System Improvements	\$220,000
Union, City of	Union	Economic Water Infrastructure	\$159,725
Wagener, Town of	Aiken	Pump Station Upgrade	\$319,125
West Columbia, City of	Lexington	Water Tank Improvements	\$500,000
Westminster, City of	Oconee	Sewer System Improvements	\$411,064
Williamsburg County Water & Sewer Authority	Williamsburg	Water Line Extension	\$318,219
York, City of	York	Sewer System Improvements	\$325,387
61 PROJECTS		TOTAL GRANTS AWARDED	\$23,880,834



Loan Program Summary

RIA's Office of Local Government (OLG) manages the financial functions of the State Revolving Fund (SRF), a federally capitalized loan program that offers low-interest financing for Clean Water and Drinking Water projects. Typical projects include wastewater treatment and collection, drinking water supply and distribution, water quality and storm water infrastructure. These low-interest loans are available to municipalities, counties and special purpose districts. To qualify, each applicant must have a dedicated repayment source with enough revenue to operate and maintain the system and pay debt service over the life of the loan.

The program is administered in conjunction with the SC Department of Health and Environmental Control (DHEC). DHEC manages the technical aspects of the program (including project selection and federal compliance), while OLG develops financial loan policies, evaluates credit worthiness, issues loan agreements, disburses funds and manages the loan portfolio. An annual review of program policies is conducted and adjustments are made as needed to address fund utilization and market trends.

This year a dual agency effort was undertaken to enhance coordination and raise awareness about the available funding. Such efforts included integration of the technical and financial program components, regular communication, joint workshops and outreach to stakeholders which highlighted the program's key advantages as a tool for infrastructure financing.

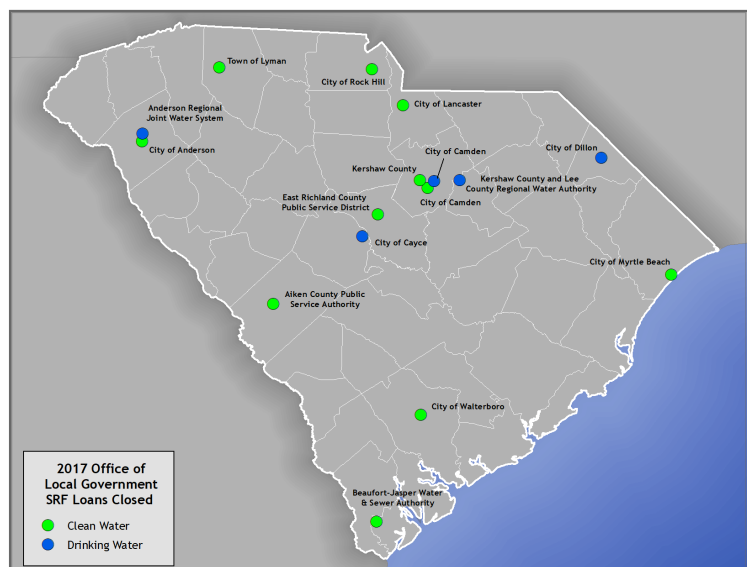
Demand for the low-cost loan program has significantly increased in the past two years. The SRF closed 16 loans totaling \$158.2M in FY17. This represents the largest amount closed in the program's history, exceeding the previously high level by \$56M. The number of new loan applications received this year is the third highest in program history.

The OLG manages \$975 million in current loans. There have been no defaults or audit findings on the loan function administered by the OLG.



Key Advantages

- Below-market interest rates (1.9 percent)
- 30-year, fixed term financing for qualifying projects
- Up to 100 percent financing of all eligible costs



State Revolving Fund Loans

Clean Water Loans			
SPONSOR	COUNTY	PROJECT	LOAN AMOUNT
Aiken County Public Service Authority	Aiken	Wastewater Treatment Plant Upgrade	\$47,833,220
Anderson, City of	Anderson	Pump Station Replacement	\$5,996,713
Beaufort-Jasper Water & Sewer Authority	Beaufort	Hardeeville Water Reclamation Facility Expansion	\$29,341,480
Camden, City of	Kershaw	Sewer Line Rehabilitation	\$7,089,206
East Richland County Public Service District	Richland	Sewer Interceptor	\$4,410,907
Kershaw County	Kershaw	Wastewater Treatment Plant Improvements	\$600,000
Lancaster, City of	Lancaster	Sewer Rehabilitation	\$3,612,367
Lyman, Town of	Spartanburg	Pump Station and Force Main	\$817,481
Myrtle Beach, City of	Horry	Pump Station Renovation and Sewer Line Relocation	\$6,345,371
Rock Hill, City of	York	Storm Water Improvements	\$4,834,164
Walterboro, City of	Colleton	Wastewater Treatment Plant Upgrade	\$1,480,000
11 LOANS	TOTAL CLEAN WATER LOANS CLOSED		\$112,360,909

Drinking Water Loans			
SPONSOR	COUNTY	PROJECT	LOAN AMOUNT
Anderson Regional Joint Water System	Anderson	Water Treatment Plant Upgrade	\$13,500,000
Camden, City of	Kershaw	Water Line Rehabilitation	\$5,236,780
Cayce, City of	Lexington	Water System Improvements	\$24,560,378
Dillon, City of	Dillon	Elevated Water Storage Tank	\$390,229
Kershaw County & Lee County Regional Water Authority	Kershaw & Lee Counties	Water System Improvements	\$2,188,558
5 LOANS	TOTAL DRINKING WATER LOANS CLOSED		\$45,875,945

Improve Quality of Life

Addressing aging infrastructure as well as public health, environmental and regulatory concerns



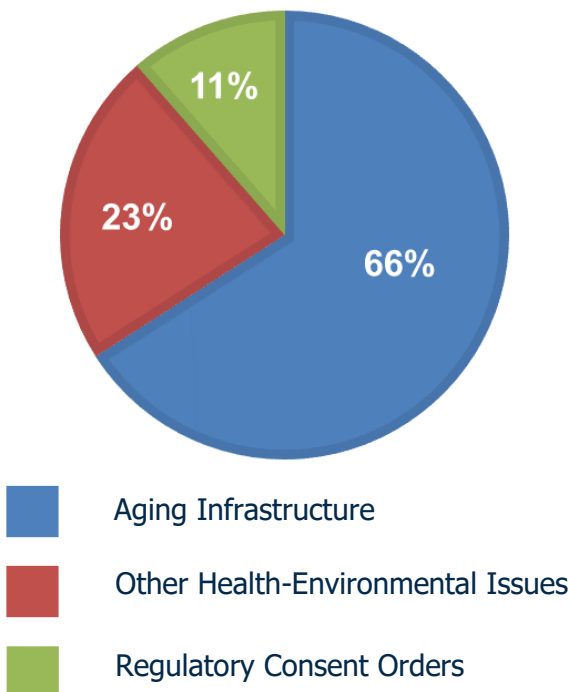
City of Johnsonville:

Leveraging funds from a Capital Sales Tax in Florence County, the City of Johnsonville was awarded an RIA grant of \$350,000 for a new elevated water storage tank. This was part of a \$3.5 million project to provide a public water system to the Vox community.

The city also constructed a new well and water treatment facility as well as installed more than 80,000 linear feet of water lines and about 40 fire hydrants.

In addition to the new customers, the improvements have provided system-wide benefits such as an additional source for quality drinking water and sufficient pressure for fire protection as well as satisfying DHEC requirements for additional storage.

Basic Infrastructure Grants: Project Outcomes



44 Grants totaling \$16.5M

Encourage Economic Development

Building the infrastructure necessary to support economic opportunities



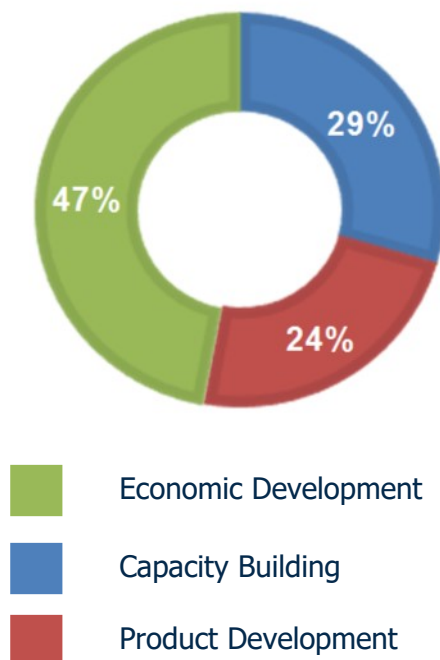
Anderson County:

In December 2016, Techtronic Industries (TTI) in Anderson County announced the construction of a new 300,000 sq. ft. Innovation Center to complement its existing manufacturing operations.

The county was awarded a \$500,000 RIA grant to provide a gravity sewer line to serve the new facility, leveraging an additional \$1.3 million in local funds to complete the project.

By investing \$75 million, the company is expected to create 250 new jobs with this project. In addition to serving the new development, the design and location of the gravity sewer will facilitate future growth on the TTI campus.

Economic Infrastructure Grants: Project Outcomes



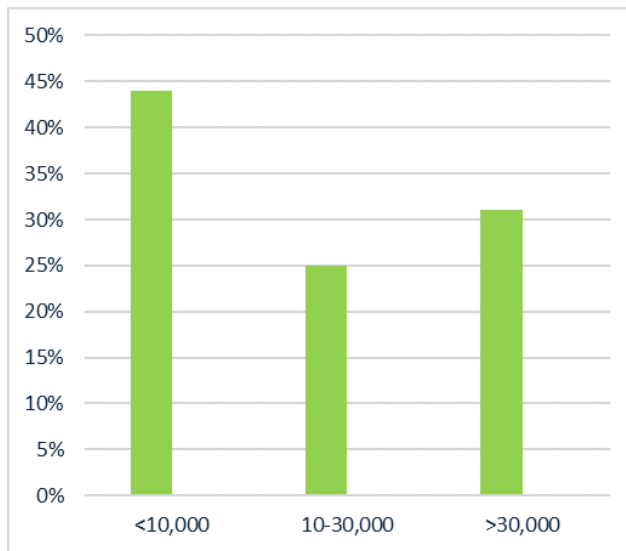
17 Grants totaling \$7.3M

Promote Community Sustainability

Helping to maintain reliable and affordable infrastructure



Population Served by SRF Loans



**The loans represented in this chart combines the number of Clean Water and Drinking Water loans.*

16 Loans totaling \$158.2M

The 4th Avenue North Ocean Outfall project in Myrtle Beach eliminated nine outfalls that discharged storm water directly onto the beach from an 87 acre commercial and residential drainage basin.

The outfall was completed in 2016 and funded by a \$12 million SRF loan.

This project - along with other storm water management improvements in this area - protects public health by improving the beach water quality along the Grand Strand which attracts millions of visitors each year and generates billions of dollars annually for Myrtle Beach and surrounding municipalities.

Build Capacity

Providing outreach and technical assistance to build community capacity

The RIA is focused on serving its customers and finding ways to fund infrastructure projects statewide. By serving as a resource for communities, whether the need is for technical or financial resources, RIA helps to build local capacity to identify affordable solutions. Information about RIA and other funding resources is communicated to stakeholders through various outreach methods. Training is offered annually to inform local officials about accessing grant and loan resources. This year, training was provided to 321 registered participants at three workshops. In addition, staff travels throughout the state providing resource information and problem solving assistance.

There is still much work to do to address the water and sewer infrastructure needs in the state. Limited local resources mean that budgets are stretched thin to cover capital improvements and operating needs. RIA takes a pro-active approach to identify and access all available resources by coordinating and leveraging other federal and state funding programs with local funds whenever possible. This increases the impact and promotes greater affordability and sustainability.

Technical Assistance

205 cases:

- ⇒ Project Development
- ⇒ Resource Identification
- ⇒ Grant Management



The SC Infrastructure Funders
Coordinating Committee's
participating agencies include:

- US Department of Agriculture - Rural Development (USDA-RD)
- US Economic Development Administration (EDA)
- SC Department of Commerce: Community Development Block Grant (CDBG) and Appalachian Regional Commission
- SC Department of Health and Environmental Control: State Revolving Funds (SRF)
- SC Rural Infrastructure Authority

Working Together for the Town of Timmonsville

Timmonsville (pop. 2,320) was issued both an EPA and SCDHEC consent decree for water and sewer violations. The City of Florence agreed to take over Timmonsville's water and sewer system and make comprehensive infrastructure upgrades and improvements.

Costs: \$13.8M

Funders: RIA Grant; SRF; CDBG; EDA; USDA-RD



Summary of Progress

Grant Programs: 2013 to 2017

\$74M

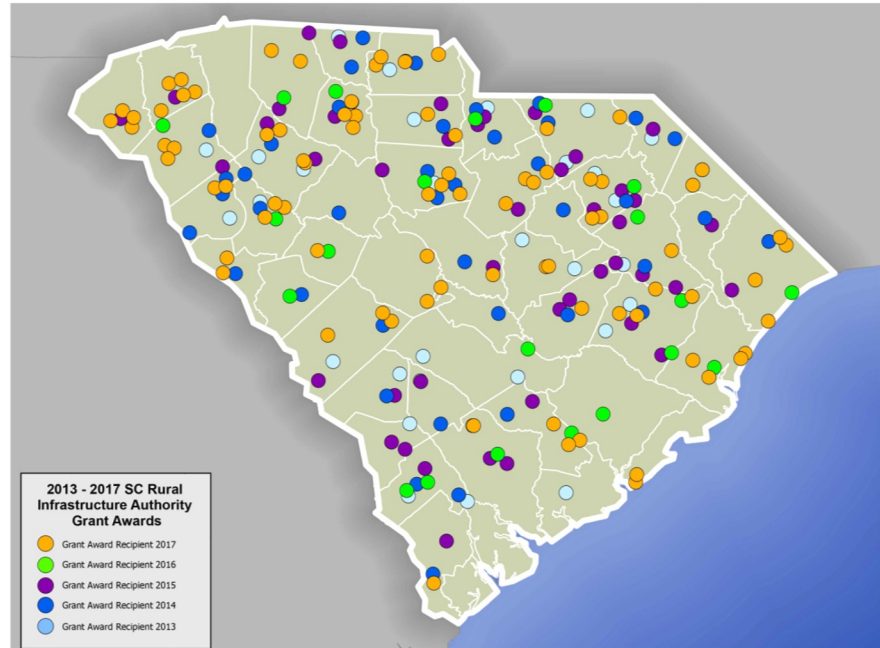
Awarded

200

Projects

\$269M

Leveraged

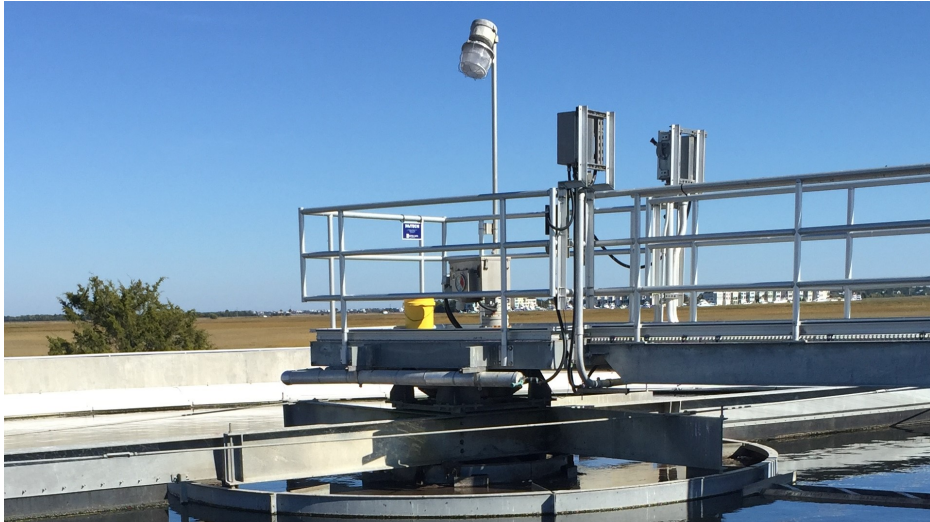


\$2.7B Capital Investment • **7,075** Proposed Jobs



Summary of Progress

SRF Loan Programs: 1989 to 2017



250
Loans Closed
\$1.4B

\$975M
Current Loans
\$600M
Outstanding
Balance



Average Loan Size:

\$6M
Clean Water

\$4M
Drinking Water



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